

INVESTOR PRESENTATION

May 2018



TATA GLOBAL BEVERAGES

Disclaimer



Certain statements made in this presentation relating to the Company's objectives, projections, outlook, expectations, estimates, among others may constitute 'forward-looking statements' within the meaning of applicable laws and regulations. Actual results may differ from such expectations, projections etc., whether express or implied. Several factors could make a significant difference to the Company's operations. These include climatic conditions, economic conditions affecting demand and supply, government regulations and taxation, natural calamity, currency rate changes, among others over which the Company does not have any direct control.



*Group set up in 1868 by Jamsetji Tata with a vision
that placed the community at the core of its purpose*

AGENDA

AGENDA

COMPANY
PROFILE

KEY HIGHLIGHTS
OF THE YEAR

OUR REGIONAL
PROFILE

FINANCIAL
OVERVIEW

COMPANY PROFILE



Tata Tea 1868, a specially curated range of teas, to celebrate 150 years of Tata group, debuted at World Economic Forum 2018, Davos



Tata Starbucks opens 100th store in India



Himalayan Sparkling elevates the fine-dine experience



Jaago Re submits 1.8m petitions to HRD minister on women's safety and sports culture



Tetley celebrates 180 years



A Snapshot of Tata Global Beverages



Focused on natural beverages – **TEA, COFFEE, WATER**

Tata heritage with **GLOBAL BRANDS**

2ND LARGEST tea company in the world

330 MILLION + SERVINGS of our brands consumed everyday

\$1.4 BN* in revenues

Over **3000 EMPLOYEES** worldwide

Presence in over **40 COUNTRIES**



* At 100% basis

Our journey



1960s
Investment in
Plantations in
India

1980s
Domestic
branded
play in tea



Acquisition
of Eight
O'clock
Coffee



Acquisition
of Vitax

**TATA
GLOBAL
BEVERAGES**
New Corporate
Identity formed



JV formed
with
Starbucks

Internal
restructure &
exits from loss
making
businesses



1990s
Acquisition
of interest
in coffee
plantations

Acquisition
of Good
Earth



teapigs.

Investment in
Himalayan –
A natural
mineral water
brand



Formation
of JV with
Pepsi-Co -
NourishCo



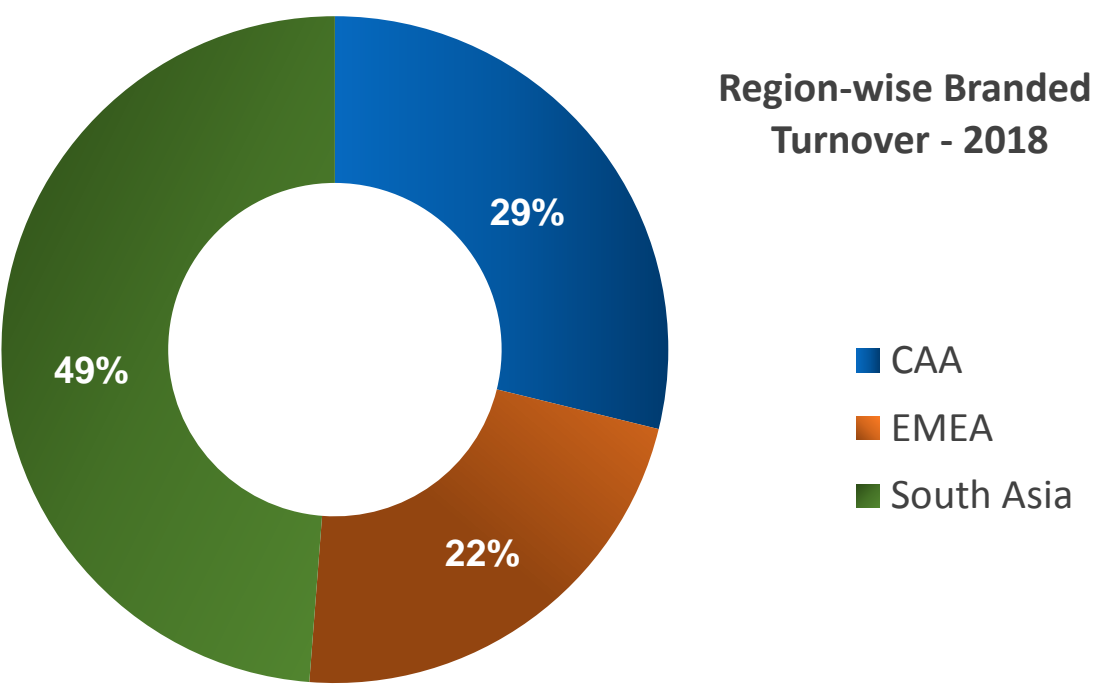
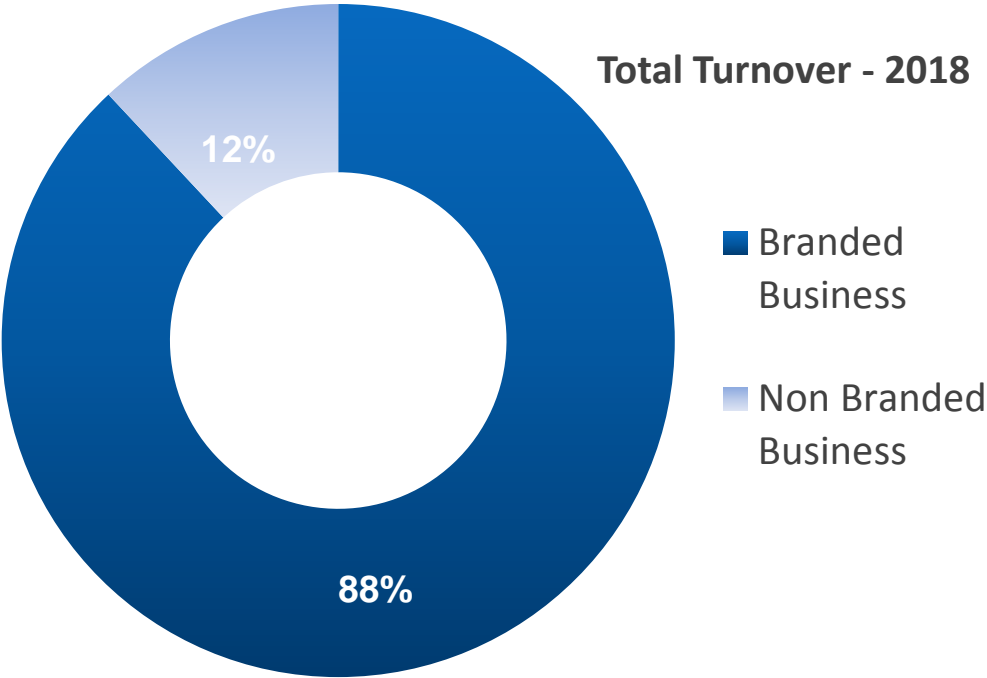
Acquisition
of the MAP
brand



Business Profile



88% OF OUR SALES COMES THROUGH OUR **BRANDED BUSINESS**



converted at USDINR rate of 65

Our Brand Positioning



	US	UK	EUROPE AND OTHER MARKETS	INDIA
Super Premium	teapigs.	teapigs.	teapigs.	
Premium	 		 	    
Main-stream				  
Value				  

Key Business Highlights during the Year



☑ Increased focus on domestic branded business

- India tea : started journey of transitioning to higher growth trajectory
- JVs: Crossed 100-store milestone for Starbucks (reached 116 by year end); Achieved breakeven for Nourishco

☑ Strong re-look into International business strategy

- Identified areas of growth and invested behind brands/ new product launches incl. successful K-cup renegotiation
- Exited Loss making business with limited turn-around potential → *Russia and China*

☑ Sustained efforts on innovation and new category launches

☑ Challenging year for unbranded play led by crop shortfall and volatility in commodity prices

- Coffee crop impacted adversely by unseasonal weather conditions

☑ Initiated business restructuring to streamline operations and reduce cost base

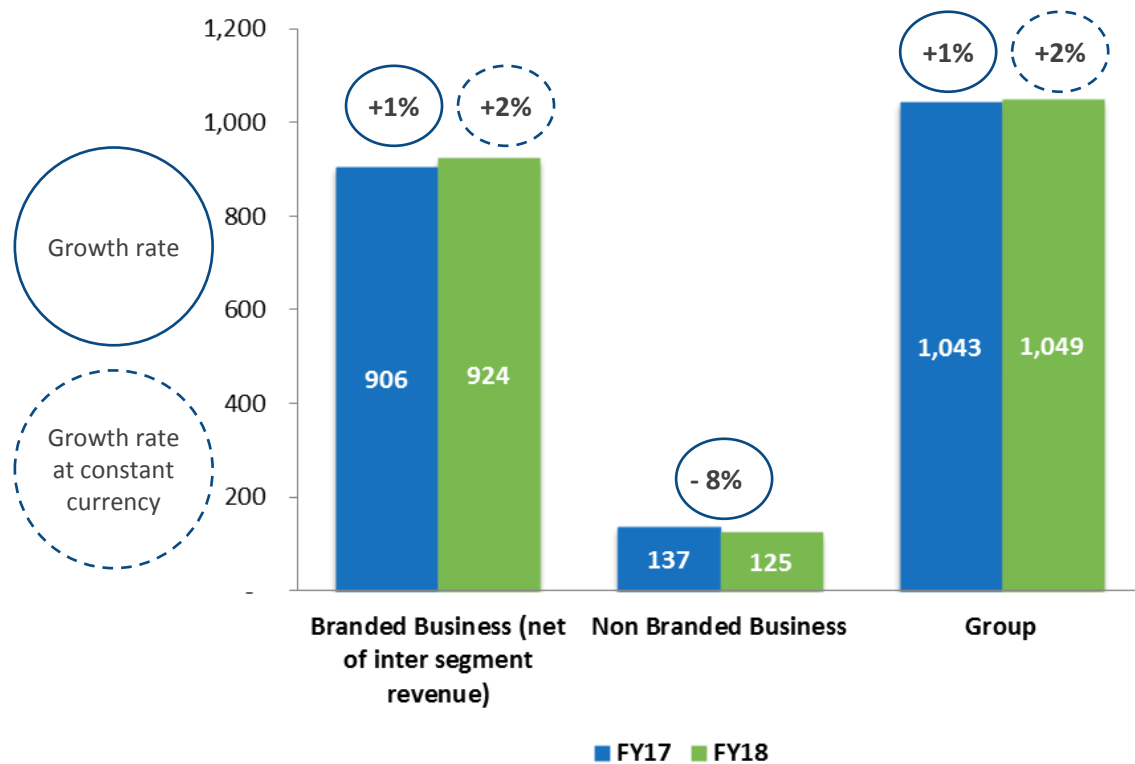
- Cost transformation projects

☑ Dividend recommended 250% - A payout of 28% of the Group Net Profit

Financial performance for the year

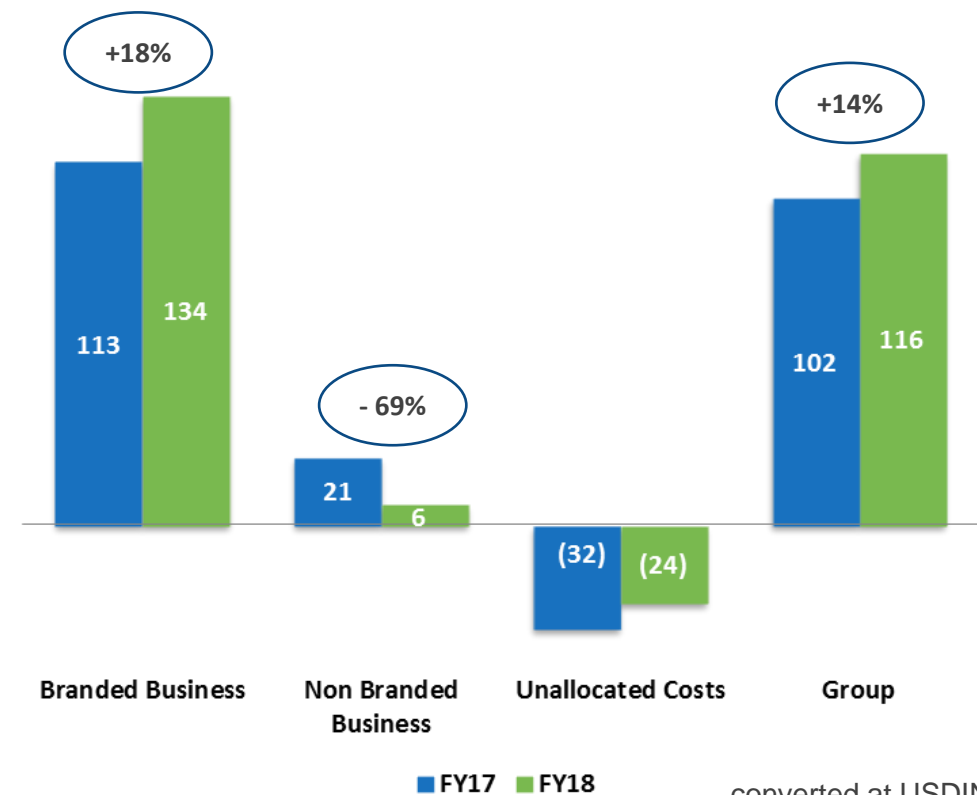


Revenue (USD million)



Group revenue calculated as sum of Branded business and Unbranded business net of intersegment revenues

PBT (USD million)



converted at USDINR rate of 65

Recent innovations and product launches



INDIA MARKET



Tetley Green Tea



Tata Tea - Chakra Gold
Activ+
& Kanan Devan Deut



Tata Tea Masala



RTD – Fruski



Himalayan - Orchard Pure
and Sparkling



Tata Cha

Recent innovations and product launches



INTERNATIONAL MARKETS



Tetley Super Teas
(UK)



Tetley Squash
(UK)



Good Earth Kombucha
(Australia)



Eight O' Clock Infusions
(USA)

Tetley Green Tea – “Andar se Clean and Bahar se Active”



DEEPIKA PADUKONE
the new brand
ambassador for
Tetley Green Tea

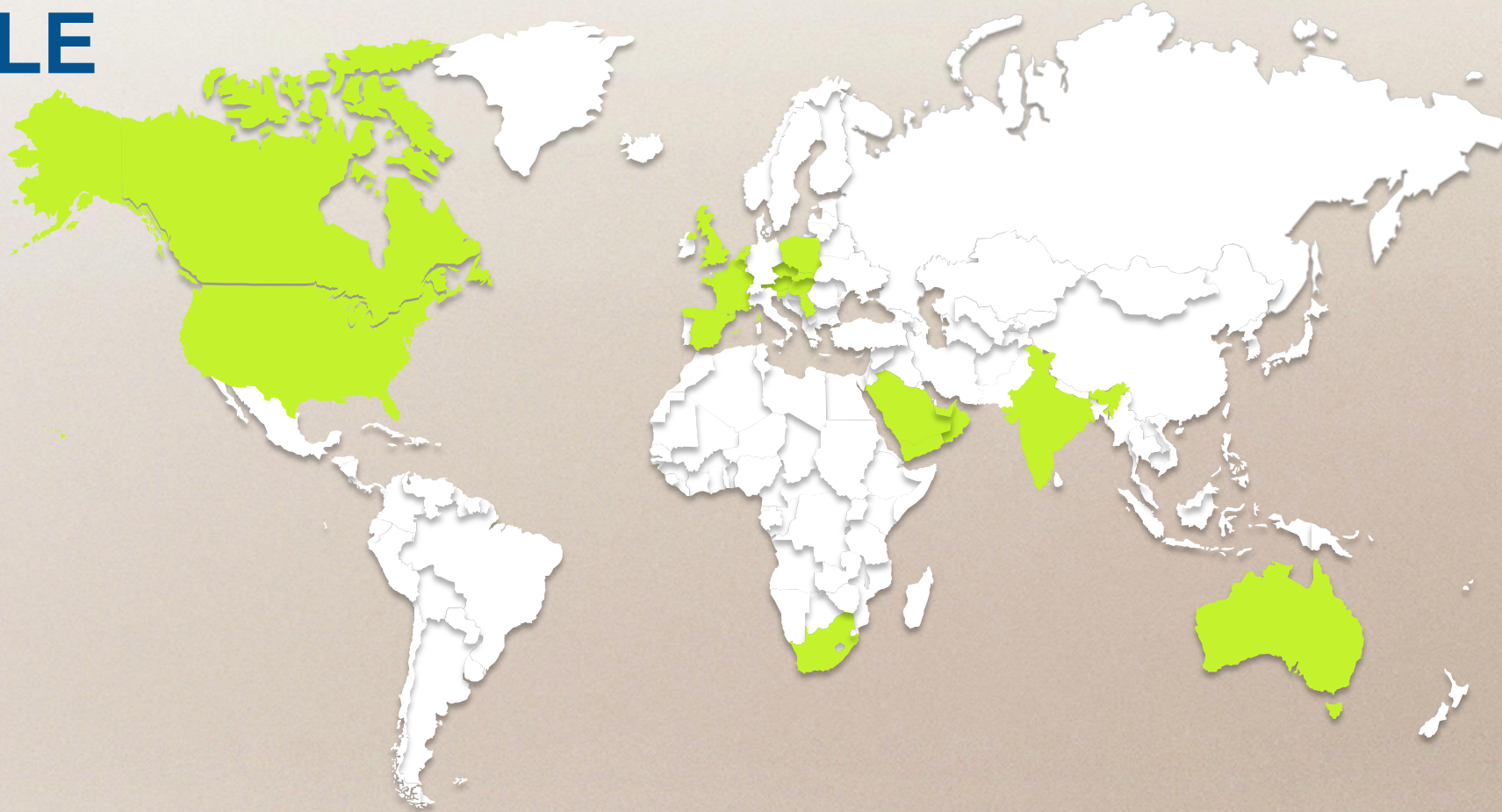


- Tetley Green Tea has 5 times more antioxidants than an apple
- It cleanses you from within leaving you feeling refreshed and active
- **An enabler of a healthy lifestyle**



[Link to Tetley Ad](#)

OUR REGIONAL PROFILE





BUSINESS PROFILE

- Contributes to c. 40%+ of the total Revenue
- Volume market leaders in overall tea category, with a market share of 19.5%* MAT
- Strong Distribution network across India

*Source: AC Nielsen



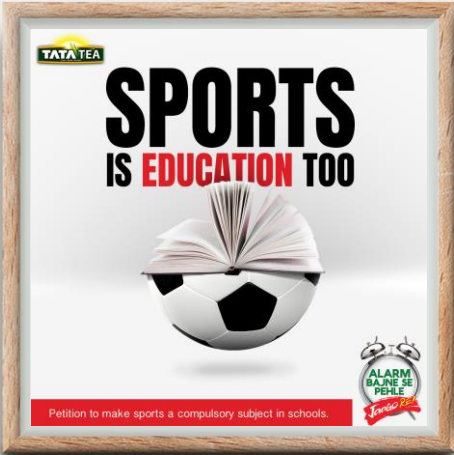
KEY FACTS AND MARKET STRUCTURE

- ~ \$2.2 bn* tea market dominated by Black tea
- Tea categories growing with scope for premiumisation – Green Tea and Tea Bags
- Large Loose tea market shifting to branded, further aided by GST
- Regional local players have significant dominance in the market

RECENT UPDATES

- Good improvement in Sales : 5% in Value terms aided by volume growth
 - Coffee volume growth by 3x
- Tata Tea Masala & Elaichi Chai performing well
- Successful pilot for out of home experience stores **Tata Cha in Bangalore** - Now second store opened
- Path breaking marketing campaigns under **Jaago Re** platform

Jaago Re



Europe, Middle East and Africa (EMEA)



BUSINESS PROFILE

- Contributes to c.20% of the total Revenue
- UK the largest market with primary presence in tea
 - Volume share on an overall tea is 20.4%* MAT
 - #1 in Decaffeinated and #2 in Everyday Black in volume terms

*Source: AC Nielsen



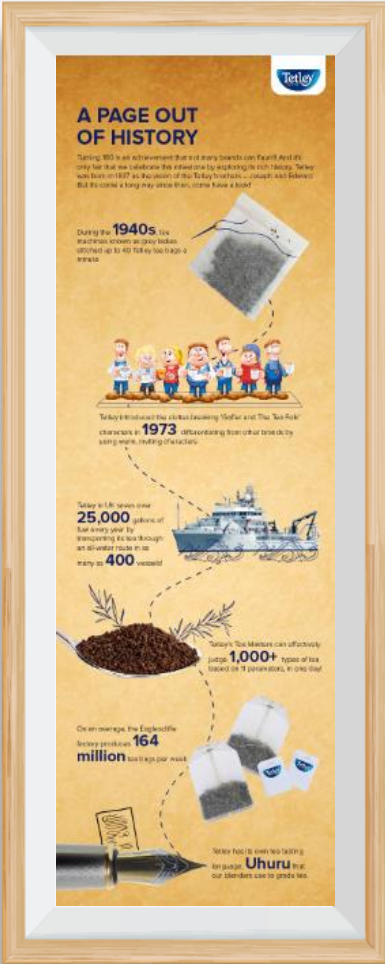
KEY FACTS AND MARKET STRUCTURE

- UK Tea market is c.£550m* with Everyday Black constituting c.58% (declined by c.2% yoy in value terms)
 - Non-black categories (Green / Fruit and herbal) are growing
- Everyday Black tea category is also declining in Europe
- Significant dependence on key retailers
- Aggressive competitive intensity and retailer pressure

RECENT UPDATES

- UK Sales lower yoy due to black tea category decline, change in retailer strategy and high competitive intensity
- Teapigs, our premium teas on a growth trajectory
- Our new launch, Tetley's Super Squash listed with major retailers
- Stable performance in France with Tetley Signature roll-out
- Good growth in Western Europe led by Portugal with Super Teas
- Russia business exited during the year

Landmark year for Tetley – 180th anniversary!



Canada, America and Australia (CAA)



BUSINESS PROFILE

- Contributes to c.25% of the total Revenue
- Presence in Pod's category through
 - Keurig in both tea and coffee in USA & Canada
- **No 1 tea brand** in Canada with history of innovation
- Presence in foodservice business in the US through Empirical LLC



KEY FACTS AND MARKET STRUCTURE

- **US:** Largest coffee market (c.\$9 bn)* with “Single Serve” category being 1.7 x the bags category (value)
- **Canada:** Tea market of c.C\$ 220m*; Specialty tea around 1.8x the black tea market (value)
- **Australia:** Tea market is c. A\$ 310m*; Coffee market is ~5x the size of tea
- Aggressive competitive intensity and retailer pressure

RECENT UPDATES

- **FY18 Sales higher by 9%** over prior year driven by
 - Direct Keurig Sales
 - Stable performance in Canada
 - Improved performance in Australia
 - Topline growth in Good Earth
- Kombucha – pilot launch in Australia

Tata Coffee Limited (Non Branded Business)



BUSINESS PROFILE

- Tata Coffee is the leading player in B2B business segment with presence in plantations
- Contributes to c. 10% of total revenue.
- TGB has 57.48% stake in Tata Coffee Limited (TCL)
- **Coffee Extraction business –**
 - Produces 3 variants – Spray, Agglo and Freeze Dried Coffee (FDC)
 - Around 90-95% exported across major markets
- **Plantation business -**
 - Produces Coffee, Tea, Pepper
 - One of Asia's largest producer of coffee at around 10,000 mt pa
 - Supply arrangements with the branded business – Tata Coffee Grand and Starbucks in India

RECENT UPDATES

- Operating Income and Profit lower yoy impacted by abnormal weather conditions resulting in lower coffee crop coupled with lower offtake in coffee extraction business



JV/PARTNERSHIPS

Nourishco – Pepsico

Tata Starbucks

Other Businesses



Nourishco – JV with Pepsico



BUSINESS PROFILE

- 50:50 JV company formed between Tata Global Beverages and Pepsico
- Marketing and distribution of products in the area of non-carbonated ready-to-drink beverages in India



RECENT UPDATES

- **Revenue growth of 8% yoy driven by volume. First year of profits**
- **Himalayan:**
 - Himalayan Orchard Pure range of flavoured water – Strawberry, Apple and Peach
 - Himalayan Sparkling water launched with premium chain of hotels
- **Tata Gluco Plus:** One of the most successful drinks launches in the recent history in India. Growing in both volume and value terms. Pilot launch in Punjab & Goa. New variant TGB + juice.
- **Tata Water Plus** continues to grow on distribution gains
- Himalayan enters **US** (with Carbon Neutral certification), through distribution arrangement with Talking Rain Beverage Company

Tata Starbucks



BUSINESS PROFILE

- 50:50 JV company formed between Tata Global Beverages and Starbucks Coffee International Inc which owns and operates Starbucks café in India
- More than 90% of the coffee sourced from Tata Coffee
- Stores also offering Himalayan brand water and organic tea from Hathikuli Tea Estate, from one of the group companies of TGBL

RECENT UPDATES

- **Topline growth of 28% yoy** - better in store performance and growth through new stores. First year of positive EBIDTA.
- Opened its 100th store, **116 stores opened till date**, (27 new stores in 2018) across 7 cities. Kolkata being the new addition
- The Food share of **20% +**
- Leveraging Starbucks relationship beyond India



Other Businesses



BANGLADESH (JV) topline improves 25% in underlying terms over previous year driven by higher volumes.

- Reduction in losses aided by improved sales.
- Tata Tea Gold Launched.

INSTANT TEA (B2B business and supplier to major RTD players in the western markets)

- Stable performance in sales and profit

ASSOCIATES (Tea Plantations)

KDHP (South India)

- Improved profitability due to higher volumes coupled with improved realisation

APPL (Assam and West Bengal)

- Improved performance over PY - mainly driven by improved volumes, higher realisation and sales mix
- 'Hattigor Gold' brand launched in Assam, Jharkhand & Amritsar



AWARDS

***Tata Tea – No.2
India's Most
Trusted Brands
in Hot
Beverages***

***Tetley in UK -
Foodservice
Brand of the
Year 2017***

***Tetley in UK –
Great Taste
Award for
three products***

***CII's
Significant
Achievement
in Food Safety
to three plants
in India***

***Jaago Re and
Tetley Super
Green - Time's
Network
National
Award***

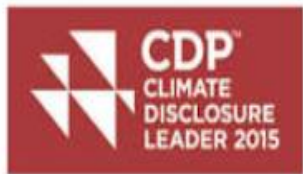
***Aranya
Naturals –
First
International
Craft Award***

SOURCING IT RIGHT



Specific Project with ETP and Tea Research Association

PROTECTING THE ENVIRONMENT



TATA GLOBAL BEVERAGES

SUSTAINABILITY INITIATIVES



IMPROVING LIVES



FINANCIAL OVERVIEW



Financial Highlights for the Quarter - Q4FY18



- **Operating income** increased by 4% in underlying currency excluding the impact of Russia
- **Profit before exceptional items** lower by 7% mainly due to adverse non-branded performance offset by improvements in Branded operations and lower finance costs
- **Exceptional items** Q4FY17 includes business restructuring offset by fair value gains on assets held for sale. PY had impairment loss and restructuring cost.
- **Group consolidated net profits** increase by 40% mainly due to the impact of lower exceptional items

USD million PARTICULARS	Quarter ended March		
	2018	2017	% Change
Total Operating Income	260	259	0%
EBIT	18	24	-24%
EBIT %	7%	9%	
Profit Before Exceptional Items	20	22	-7%
Exceptional Items	-0.3	-7	
Profit before Tax (PBT)	20	15	31%
PBT %	8%	6%	
Profit after Tax (PAT)	18	13	36%
PAT %	7%	5%	
Group Consolidated Profit	11	8	40%
EPS (USD) – (not annualised)	0.14	0.08	

converted at USD/INR rate of 65

Financial Highlights for the Year

USD million



REVENUE FROM OPERATIONS higher by c.2% in underlying terms (excludes Fx impact)

- Growth led by Branded business - Improvement in India and US (change in K-cup agreement) partially offset by underperformance in UK
- Non branded business mainly impacted by abnormal weather conditions

OPERATING PROFIT higher by 10% in underlying terms

PROFIT BEFORE EXCEPTIONAL improves by 19% in underlying terms

- Lower tea costs in India and good Cost management
- Lower finance costs and higher interest income
- Favourable impact of exits from Russia/ China and upside from Empirical

Offset by

- Higher coffee and tea commodity cost in the international markets (mainly Brexit related)
- Adverse performance by non- branded business

EXCEPTIONAL ITEMS

- Includes redundancy cost for internal restructure and Russia exit offset partially by profit on sale of EMSPL shares, China disposal and reversal of write down of assets held for sale

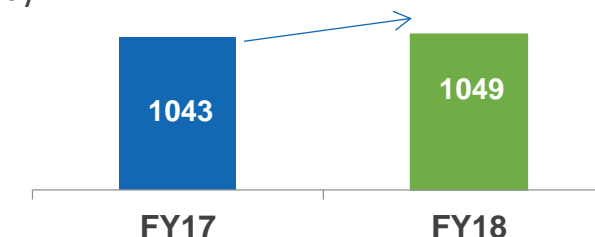
GROUP NET PROFIT higher by 22%

- Improved operating performance
- Lower tax charge mainly due to tax credits post US tax legislation change

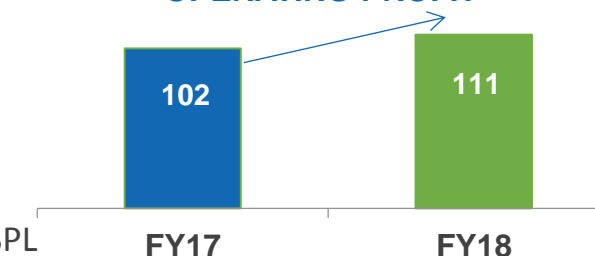
Offset by

- Higher exceptional items

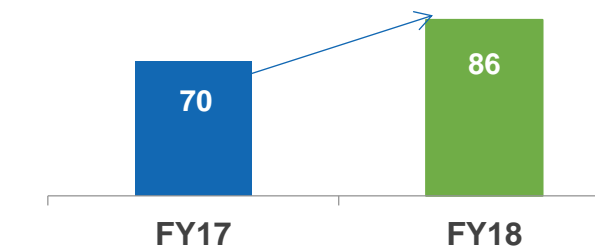
REVENUE



OPERATING PROFIT



GROUP NET PROFIT



Consolidated Financial Highlights



<i>All figures are in USD million</i>	FY18	FY17	% Growth
Total Operating Income	1,049	1,043	+1%
EBIT	111	102	+9%
EBIT%	11%	10%	
Profit before Exceptional Items	119	101	+18%
Exceptional Items	(3)	1	
PBT	116	102	+14%
PAT	87	71	+22%
PAT%	8%	7%	
Group Net Profit	86	70	+22%
Market cap ² . (as on 31 st Mar 2018)	2,512	1,462	+72%
Net Cash ³	157	43	

converted at USDINR rate of 65

- 1 Includes redundancy cost for internal restructure, Russia exit costs offset partially by profit on sale of EMSPL shares, China disposal and reversal of write down of assets held for sale
- 2 Current Market Cap as on May 10, 2018 USD 2.76 bn
- 3 Net Cash calculated as cash and cash equivalents, current investments and deposits less total debt

Consolidated Financial Highlights – OCI



Quarter Ended March			USD million	12 months ended March		
2018	2017	Variance	PARTICULARS	2018	2017	Variance
11	8	3	Consolidated Group Net Profit	86	70	16
0	17	-17	Changes in Fair Value of Equity Instruments	9	40	-31
32	-22	54	Exchange difference on translation of foreign operations	63	-87	150
1	6	-5	Others	6	5	1
33	1	32	Other Comprehensive Income	78	-42	120
44	9	35	Total Comprehensive Income	164	28	136

converted at USDINR rate of 65

Other comprehensive income

- Changes in fair value of equity investment mainly reflects the movement in quoted share prices.
- Exchange difference reflects the impact of currency translation mainly on account of Brexit for our overseas subsidiaries in UK in the PY. Increase in sterling from March, hence the favourable currency translation for the current year.
- Others primarily represent actuarial gain / loss on retirement benefits and cash flow hedges

Segment Performance – YTD March 2018



Particulars <i>USD million</i>	Segment Revenue			Segment Results			Capital Employed	
	March 18	March 17	% Change	March 18	March 17	% Change	March 18	March 17
Branded Business								
Tea	757	739	+2%	106	89	+19%	558	515
Coffee	166	172	-3%	31	28	+11%	248	244
Others	6	6		-3	-2	-18%	5	1
Total Branded Business	929	917	+1%	134	113	+18%	811	760
Non Branded Business	125	137	-8%	6	21	-69%	172	132
Less: Inter-segment Revenue	-5	-11						
Un-allocable items				-24	-32		254	213
Total	1049	1043	+1%	116	102	+14%	1237	1105

converted at USDINR rate of 65

Region-wise Revenue from Operations



Quarter Ended March				USD million	12 months ended March			
2018	2017	Variance	%	PARTICULARS	2018	2017	Variance	%
75	66	9	+14%	CAA	267	245	22	+9%
52	62	-10	-17%	EMEA ¹	207	238	-31	-13%
98	97	1	+1%	South Asia	451	432	19	+5%
225	225	0	0%	Total Branded Operations	925	915	10	+1%
34	37	-3	-8%	Non Branded Operations	126	138	-12	-9%
1	-3	4		Others & Eliminations	-2	-10	8	
260	259	1	0%²	Total Operating Income	1049	1043	6	+1%

converted at USDINR rate of 65

1. Impacted by currency volatility due to Brexit and Russia exit
2. For the quarter growth of 4% excluding Russia. No impact on the full year on a comparable basis

Consolidated Balance Sheet as on 31st Mar'18



<i>Details</i> <i>USD million</i>	FY18	FY17
Total Equity	1,237	1,105
Non-Current Liabilities	147	133
Current Liabilities	244	237
Liabilities of Disposal group	2	4
TOTAL EQUITY & LIABILITIES	1,630	1,479
Goodwill	573	538
Other Non Current Assets	359	425
Current Asset	692	508
Assets of Disposal group	6	8
TOTAL ASSETS	1,630	1,479

converted at USDINR rate of 65

Strategy for the financial year FY19



- Enhanced focus on India businesses
 - Continue to invest behind incubatory businesses
 - Expand into adjacent categories
- Continue to invest behind key power brands in India and Globally
- Sustain efforts on creating successful innovations and new product launches
- Turnaround non-branded commodity businesses to deliver growth in both topline and profits
- Deliver on cost restructuring initiatives to improve operational efficiency

COMPANY INFORMATION

Equity Share details

Bombay Stock Exchange (BSE) – **500800**

National Stock Exchange (NSE) – **TATAGLOBAL**

ISIN No – **INE192A01025**

(International Securities Identification
Number)

Depository Receipt

Luxembourg Stock Exchanges - **US8765692038**

London Stock Exchange - **TGBL**

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